



LT MUNICIPAL
CONSULTANTS



Sewer Rate Study

Cady Poe Colonia County Service Area

Draft Report

March 30, 2026

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SECTION 1: INTRODUCTION AND EXECUTIVE SUMMARY

1.1 Background

The Cady Poe Colonia is a small, unincorporated community of 43 homes located about two miles west of the City of Brawley in Imperial County (County). The area was designated as a colonia on May 7, 1997 by the Imperial County Board of Supervisors (Board) as it lacked potable water supply, sewage treatment, and safe, sanitary housing. On August 23, 2005, the Board of Supervisors approved Resolution No. 2005-067 establishing Cady Poe County Service Area (CSA) and the County secured a United States Department of Agriculture (USDA) Rural Development grant to construct a new wastewater collection treatment system. The wastewater (sewer) system consists of approximately 3,600 linear feet of sewer pipeline and four septic tanks that flow through a re-circulating tank into six textile filters before discharging into subsurface drip leach fields. The Imperial County Local Agency Formation Commission (LAFCO) approved the formation of Cady Poe CSA, contingent upon the Board's and property owners' approval of operations and maintenance funding under Proposition 218. The sewer service rate was set at \$30 per month after higher proposed rate adjustments were rejected.

The sewer service rate of \$30 per month has not changed since 2005. As a result, the CSA is in poor financial condition and has operated in a deficit for many years meaning that revenues do not cover expenses. The County draws upon other funds to cover the CSA's costs. The total amount of these draws is estimated to be about \$2.55 million by July 1, 2026. The primary goal of this rate study is to analyze the rates that would be necessary to cover the full cost of providing service in addition to two alternative, lower cost rate options that would mitigate bill impacts to customers but would not meet the County's full costs of operating the sewer system. None of the rate options include funding for capital improvements such as purchase of a vacuum truck, lift station, or force mains to deliver sewage to the City of Brawley. Such improvements are assumed to be funded via grant revenues.

Absent a rate adjustment, the County will be unable to financially support the Cady Poe Colonia CSA indefinitely. The system may need to be relinquished to another local government agency, sold to a private utility company, or enter receivership under the State of California.

1.2 Requirements of Proposition 218

The implementation of public agency utility rates in California is governed by the substantive and procedural requirements of Proposition 218 the "Right to Vote on Taxes Act" which is codified as Articles XIII C and XIII D of the California Constitution. The County must follow the procedural requirements of Proposition 218 for all utility rate increases. These requirements include:

1. **Noticing Requirement** – The County must mail a notice of the proposed rate increases to all affected property owners. The notice must specify the amount of the fees, the basis upon which they were calculated, the reason for the fees, and the date/time/location of a public rate hearing at which the proposed rates will be considered/adopted.

2. **Public Hearing** – The County must hold a public hearing prior to adopting the proposed rate increases. The public hearing must be held not less than 45 days after the required notices are mailed.
3. **Rate Increases Subject to Majority Protest** – At the public hearing, the proposed rate increases are subject to majority protest. If more than 50% of affected property owners submit written protests against the proposed rate increases, the increases cannot be adopted.

Proposition 218 also established substantive requirements that apply to sewer rates and charges, including:

1. **Cost of Service** – Revenues derived from the fee or charge cannot exceed the funds required to provide the service. In essence, fees cannot exceed the “cost of service”.
2. **Intended Purpose** – Revenues derived from the fee or charge can only be used for the purpose for which the fee was imposed.
3. **Proportional Cost Recovery** – The amount of the fee or charge imposed upon any parcel or person as an incident of property ownership shall not exceed the proportional cost of service attributable to that parcel.
4. **Availability of Service** – No fee or charge may be imposed for a service unless that service is used by, or immediately available to, the owner of the property.
5. **General Government Services** – No fee or charge may be imposed for general governmental services where the service is available to the public at large.

Charges for sewer service are exempt from additional voting requirements of Proposition 218, provided the charges do not exceed the cost of providing service and are adopted pursuant to the procedural requirements of Proposition 218.

1.3 Rate Study Process

The following is a brief description of the rate study process:

- **Revenue Requirement** – Revenue requirements are analyzed via a cash flow projection based on the best information currently available such as the CSA’s historical operating results, budgets, audits, and input from County staff. The cash flow serves as a roadmap for funding future operating costs and capital expenditures while maintaining long-term fiscal stability, all of which is calculated in this study to produce rates that will be necessary to recover only the cost of the sewer service per parcel under the proposed sewer rates.
- **Cost of Service Allocation** - The cost of service process builds on the revenue requirement analysis and assigns costs to functional cost components. All customers within the Cady Poe Colonia CSA are single family residential connections with the same cost of service.

- **Rate Design** - Rate design involves developing a rate structure that fairly recovers costs from customers but does not exceed the proportional cost of the service attributable to the parcel.

The rates developed in this report are based on the best available information gathered from CSA budgets, audits, and input from staff. The cost allocations proposed herein are based on industry standard practice. The proposed rates are based on the reasonable cost of providing service and do not exceed the proportional cost of the service attributable to each parcel.

1.4 Rate Design

Wastewater service costs are attributed to customers based on the assignment of equivalent dwelling units (EDUs). One EDU is defined as domestic strength discharge of 200 gallons per day. Each single family home is assigned one EDU. In the future, if non-residential customers connect to the wastewater system, these customers should be assigned EDUS based on their estimated flows relative to the single family flow of 200 gallons per day. For example, if a retail store connects to the system and is estimated to discharge 150 gallons per day, the EDU assignment would be 0.75 EDUs (150 gallons per day divided by 200 gallons per day). It is proposed that any future accessory dwelling units be charged 0.5 EDUs based on estimated flow of 100 gallons per day.¹

1.5 Proposed Rates

Three rate options were developed as part of the rate study process. Current and proposed rates under each option are provided in Table 1 and bill impacts are provided in Figure 1. Option 1 represents a low-cost option which does not meet the CSA's costs to operate the system but would be the most affordable option for ratepayers. The Option 1 rate is \$60 per month beginning July 1, 2026, which is comparable with the monthly sewer bills of many surrounding agencies as shown in Figure 1. The rates under Option 2 would cover the CSA's operating costs but would not cover estimated County overhead costs or repayment of the negative fund balance owed to the County which would continue to accrue interest costs. Option 3 is intended to provide an illustrative rate that would cover the full cost of service including operating expenses, County overhead, and repayment of the CSA's negative fund balance to the County over time.

Regardless of which option is selected, rate changes are proposed to be implemented July 1 of each year for the next five years beginning in 2026. Rates will continue to be billed annually on the Imperial County tax roll. For ease of analyzing bill impacts, Table 1 includes the current and proposed rates expressed as both monthly rates and their annual equivalent.

¹ Based on 50 gallons per day per capita sewer flow and two person occupancy

Table 1: Proposed Five-Year Rate Plans

	Current	PROPOSED				
		FY2026/27	FY2027/28	FY2028/29	FY2029/30	FY2030/31
OPTION 1 - Annual Rate per EDU	\$360.00	\$720.00	\$960.00	\$1,020.00	\$1,050.60	\$1,082.12
Monthly Rate per EDU	\$30.00	\$60.00	\$80.00	\$85.00	\$87.55	\$90.18
		100%	33%	6%	3%	3%
OPTION 2 - Annual Rate per EDU	\$360.00	\$4,200.00	\$4,320.00	\$4,449.60	\$4,583.09	\$4,720.58
Monthly Rate per EDU	\$30.00	\$350.00	\$360.00	\$370.80	\$381.92	\$393.38
		1067%	3%	3%	3%	3%
OPTION 3 - Annual Rate per EDU	\$360.00	\$7,715.66	\$9,644.57	\$9,933.91	\$10,231.93	\$10,538.88
Monthly Rate per EDU	\$30.00	\$642.97	\$803.71	\$827.83	\$852.66	\$878.24
		2043%	25%	3%	3%	3%

EDU – Equivalent Dwelling Unit; 200 gallons per day of domestic strength sewer flow
 An accessory dwelling unit is assigned 0.5 EDUs based on assumed flow of 100 gallons per day

Figure 1: Bill Impact Comparison

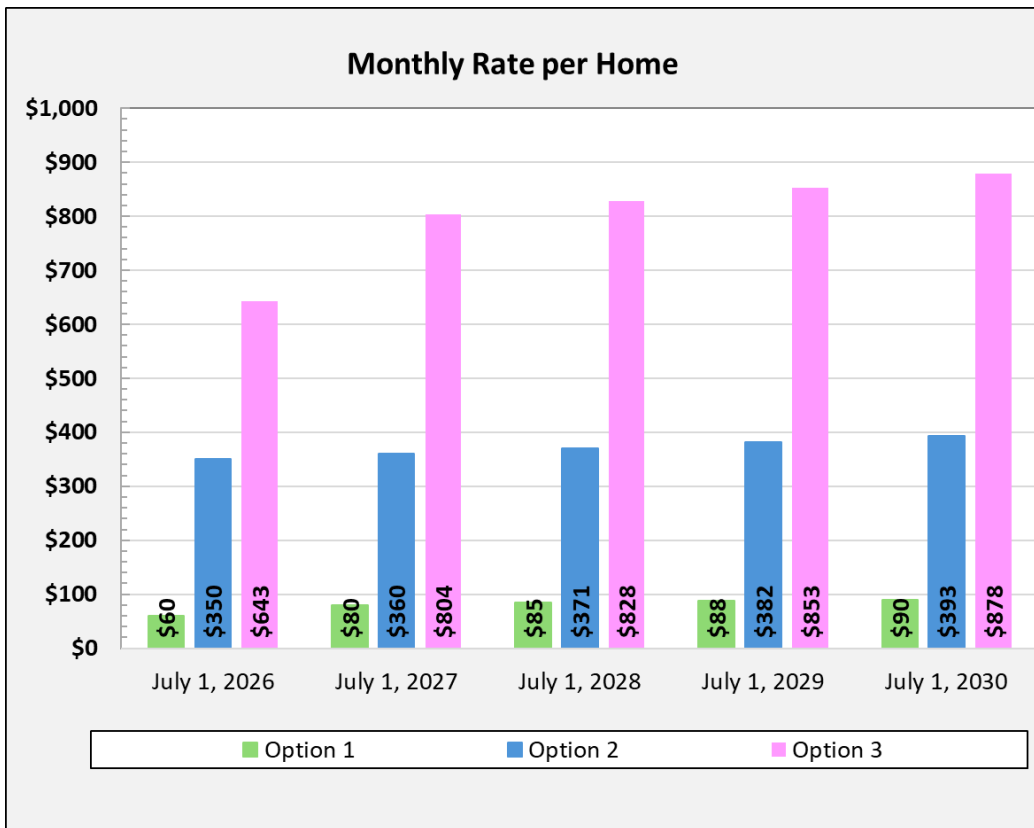
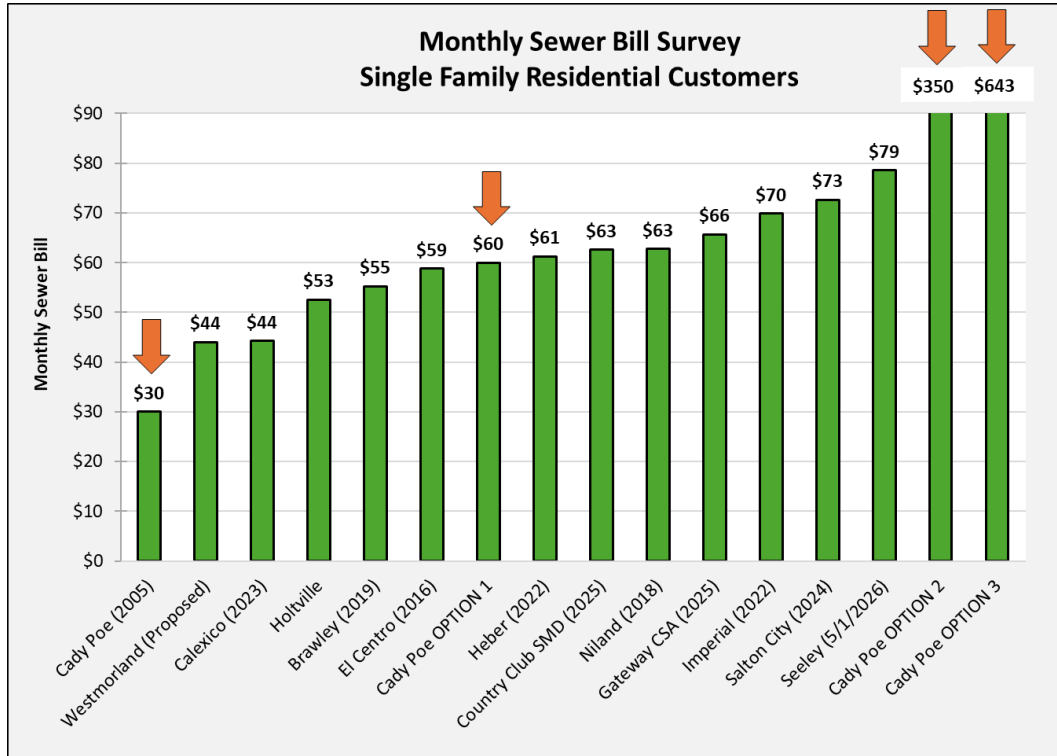


Figure 2 provides a bill survey comparing Cady Poe CSA’s current and proposed rates with the rates of other local sewer systems. For comparison purposes, all rates have been converted to the equivalent monthly cost. The CSA’s rates are the lowest in the region by a significant margin and all other agencies surveyed have adjusted their rates more recently than the CSA.

Figure 2: Sewer Bill Survey



SMD – Sewer Maintenance District; CSA – County Service Area

SECTION 2: CUSTOMER BASE AND CURRENT RATE REVENUES

The County provides wastewater service to 43 single family homes. Each customer is billed a fixed rate which is collected annually via the Imperial County tax roll. The current rate per equivalent dwelling unit (EDU) equates to \$30 per month and generates annual revenues of \$15,480, see Table 2.

Table 2: Current Rates and Annual Rate Revenue

Current Revenues			
<u># of customers</u>		<u>Monthly Rate</u>	<u>Annual revenue</u>
43	x	\$30	\$15,480

It should be noted that the current rate of \$30 per month has not changed since it was originally adopted in 2005. That year, the County completed a wastewater rate study which determined that a fixed rate of \$110 per month would be necessary to finance the operations and maintenance of the wastewater collection system. Because the CSA serves a very small customer base of just 43 connections, the total cost of providing service is distributed across a limited number of users, resulting in a relatively high cost per customer to fully fund operations of the system. Ultimately, the higher potential rate was rejected and the rate was maintained at \$30 per month per home.

SECTION 3: COST OF SERVICE

This section provides an analysis of revenues and expenses to determine the total cost of service to be recovered via rates. The cost of service is expressed in cash flow tables that illustrate revenue increases needed to keep up with expenses and promote financial health. Over the five-year rate study period, rate increases are proposed so that the CSA can fund operating costs and begin to repay its past deficits, all of which are calculated in this study to produce rates that will be necessary to recover only the cost of sewer service per parcel. Alternative rate options are also developed which do not meet the full cost of providing sewer service but mitigate costs to the ratepayer. If a rate option that does not cover the full cost of service is adopted, the County may have to continue drawing upon other County funds to keep the CSA operational or consider changes to the current service and funding approach.

3.1 Summary of Current Net Revenues

The CSA has operated in a deficit for many years meaning that expenses are greater than revenues. Due to deficit spending, the CSA has accumulated a negative fund balance. Table 3 shows the beginning fund balance, projected net revenues, and projected ending fund balance for fiscal year (FY) 2025/26.

As shown in Table 2, the CSA generates \$15,480 in annual revenues from sewer service charges. In FY2025/26, the CSA is projected to spend about \$175,000 on operating expenses in addition to about \$76,000 in interest pooled money. Interest pooled money refers to annual interest of about 3% applied to the negative fund balance of \$2.3 million. The total deficit this year is therefore expected to be about \$235,000. This cost overrun will add to the CSA's negative fund balance. By July 1, 2026, it is projected that Cady Poe CSA will owe the County a total of about \$2.55 million, see Table 3.

Table 3: FY2025/26 Financial Projection

FY2025/26	
Beginning Fund Balance	(\$2,319,038)
REVENUES	
User Fees	<u>\$15,480</u>
Total Revenues	\$15,480
EXPENSES	
<i><u>Operating Expenses</u></i>	
Office Expense	\$540
Professional & Special Service	\$158,610
Overhead Reimbursement	\$4,823
Special Department Expense	\$4,572
Travel out of County Misc	\$276
Utilities	\$3,867
Intrafund Transfer	<u>\$2,051</u>
Subtotal Operating Expenses	\$174,740
Net Operating Revenues	(\$159,260)
<i><u>Non-Operating Expenses</u></i>	
Capital Improvements	\$0
Interest Pooled Money	<u>\$75,734</u>
Subtotal Non-Operating	\$75,734
Total Expenses	\$250,474
Total Net Revenues	(\$234,994)
Ending Fund Balance	(\$2,554,000)

3.2 Revenues

The CSA's only revenues are sewer service charges paid by ratepayers, about \$15,500 at current rates. Beginning July 1, 2026 and continuing each July 1 from 2027 through 2030, a series of rate increases are proposed to fund the costs described in the sections below.

3.3 Expenses

3.3.1 Operating Costs

In FY2025/26, the CSA expects to incur about \$175,000 in expenses to operate and maintain the sewer system, see Table 4. Table 4 also includes a projection of operating expenses over the next five years representing the rate study period. Operating expenses are projected to increase by 3% annually through FY2030/31. Professional & special services include money paid to the District’s sewer operator and are the largest operating cost. Other budgeted operating expenses include office expenses, utilities, and the CSA’s share of overhead reimbursements, among others. In conducting this rate study, the County reviewed its overhead and administrative costs to operate the CSA that are not currently reflected in the CSA’s budget. Full cost accounting of administrative staffing costs adds an additional \$65,500 to the CSA’s cost of service. Moreover, the County intends to purchase a vactor truck to conduct sewer cleaning across multiple service areas. Cady Poe Colonia CSA’s share of the vactor truck’s operation and maintenance cost is about \$9,600. Both the additional County administrative staffing cost and vactor truck O&M are projected to increase by 3% annually.

Table 4: Operating Expense Projection

	Budget [1] FY2025/26	Escalation Factor	Projected				
			FY2026/27	FY2027/28	FY2028/29	FY2029/30	FY2030/31
Office Expense	\$540	3.0%	\$600	\$600	\$600	\$600	\$600
Professional & Special Service	\$158,610	3.0%	\$163,400	\$168,300	\$173,300	\$178,500	\$183,900
Overhead Reimbursement	\$4,823	3.0%	\$5,000	\$5,200	\$5,400	\$5,600	\$5,800
Special Department Expense	\$4,572	3.0%	\$4,700	\$4,800	\$4,900	\$5,000	\$5,200
Travel out of County Misc	\$276	3.0%	\$300	\$300	\$300	\$300	\$300
Utilities	\$3,867	3.0%	\$4,000	\$4,100	\$4,200	\$4,300	\$4,400
Intrafund Transfer	\$2,051	3.0%	\$2,100	\$2,200	\$2,300	\$2,400	\$2,500
County Admin Staff		3.0%	\$65,500	\$67,500	\$69,500	\$71,600	\$73,700
Vactor Truck O&M		3.0%	<u>\$9,600</u>	<u>\$9,900</u>	<u>\$10,200</u>	<u>\$10,500</u>	<u>\$10,800</u>
Total Operating Expenses	\$174,740		\$255,200	\$262,900	\$270,700	\$278,800	\$287,200

1 - Budget is estimated as FY2024/25 actuals escalated by 3.0%

ICDPW ADMINISTRATIVE STAFF	
Principal Engineer (PE) & Legal Responsible Officer (LRO)	\$46,800
ICDPW Analyst III Staff @ 35% of PE/LRO	\$16,380
ICDPW Deputy Administration @ 5% of PE/LRO	\$2,340
Total ICDPW ADMIN	\$65,520

3.3.2 Repayment Obligations

The CSA is required to repay the County for funds that have been used to support continued operations of the CSA. Since the CSA has been operating at a deficit for over 20 years, other County funds have been used to cover operating costs and maintain service. By the end of FY2025/26, the CSA's outstanding balance owed to the County is projected to total \$2.55 million. This balance accrues interest at an annual rate of 3% which totals \$76,600 in FY2025/26. This is referred to as "interest pooled money" in County budgets and in the cash flows shown in this report. This study provides three options for increasing rates with different implications for the CSA's outstanding balance. The different options and their impacts on the fund balance are described in a subsequent section.

3.3.3 Reserves

Cady Poe CSA is estimated to have a negative fund balance of about \$2.55 million to begin FY2026/27. Given the CSA's significant negative position, it is not projected that the CSA will accumulate sufficient funds to generate an operating reserve during this rate study period.

It is recommended that utilities maintain reserves to fund unexpected costs and emergency repairs and to provide cash flow in case of revenue shortfalls or delays in disbursements from the County tax collector. Industry standards recommend an operating reserve target of at least 25% of annual operating expenses to account for the time (at least 4 months) that it would take to approve new rate increases to comply with Proposition 218. It is also common for utilities to maintain additional reserve funds such as a capital reserve or debt service reserve. The accumulation of appropriate reserves will need to be considered in the future when determining the cost of service if the CSA is able to reverse its deficit and become solvent.

3.3.4 Capital Improvements

County staff have identified capital improvement projects that are needed to continue to provide the residents with high quality sewer service and to comply with regulatory requirements. The proposed capital improvement project consist of phases (3) phases: 1) The Design & Construction of a New Sewer Lift Station, 2) the Design, CEQA Clearance and Encroachment Permits for the Construction of approximately 9,100 LF of a New Sewer Force Main Line and, 3) +- 450 Linear Feet of steel encasement under the New River by Directional Bore. The current estimated cost of the project is \$2,687,500. In addition, Cady Poe Colonia CSA's share of the purchase price of the vector truck is \$27,500. Given the financial hardship of the CSA, no rate funds are allocated to the truck or capital improvement project. It is assumed that these costs will be funded via grants at no cost to the ratepayers and are excluded from the cash flow tables shown in this report.

3.4 Summary of Rate Adjustment Options

As part of the rate study process, three cash flow options were developed, which are summarized in Table 5 on the following page. The options differ in the extent to which the proposed rate increases cover the cost of providing service. Option 1 represents a low cost option which does not meet the CSA's costs to operate the system but would be the most affordable option to the ratepayer. Under Option 1,

the proposed rates would be comparable to nearby agencies and fall near the midpoint of the range of bills identified in the rate survey (see Figure 1). The rates proposed under Option 2 would cover the CSA’s operating costs but would not cover estimated additional County overhead costs or repayment of the negative fund balance to the County. Option 3 is the highest cost option representing the rates that would be necessary to recover the full cost of providing service including operating costs, estimated County overhead, and repayment of the negative fund balance to the County over a 30 year period.

Table 5: Summary of Rate Options

Option	Description	Rate Increases					
		Current	100%	33%	6%	3%	3%
1 – Lowest	Lowest cost to the ratepayer; does not cover operations or repayment; accrues an additional \$1.6M in negative balance over 5 years	\$30.00	\$60.00	\$80.00	\$85.00	\$87.55	\$90.18
2 – Middle	Covers operations but does not cover County administrative overhead or any repayment of fund balance; accrues an additional \$827,500 in negative balance over 5 years	\$30.00	\$350.00	\$360.00	\$370.80	\$381.92	\$393.38
3 – Highest	Cover operations, County administrative overhead, and funds repayment of negative fund balance over 30 years.	\$30.00	\$642.97	\$803.71	\$827.83	\$852.66	\$878.24

3.5 Cash Flow Tables

The cash flow projection under each option spans the five-year rate study period from FY2026/27 to FY2030/31 and are provided in Table 6, Table 7, and Table 8. Regardless of which option is selected, the first rate increase is proposed to go into effect on July 1, 2026, with subsequent rate increases each July 1 from 2027 through 2030. All three options begin with a negative fund balance of \$2.55 million representing the amount owed to the County. Under Option 1, revenues do not cover expenses, and the negative balance grows to an estimated -\$4.18M by the end of FY2030/31. Under Option 2, revenues cover budgeted operating costs but not the additional County administrative staff, the vector truck O&M or repayment. This results in the negative balance growing to -\$3.38M by the end of FY2030/31. Under Option 3, revenues cover budgeted operating costs, additional County administrative staff, the vector truck O&M, interest costs, and repayments to the County. Net positive revenues are applied against the outstanding negative balance which shrinks to about -\$2.21 million by the end of FY2030/31.

Table 6: Cash Flow Projection, Option 1

	PROJECTED: PROPOSITION 218 PERIOD				
	FY2026/27	FY2027/28	FY2028/29	FY2029/30	FY2030/31
Rate Increase %	100%	33%	6%	3%	3%
Rate \$/EDU/Month	\$60.00	\$80.00	\$85.00	\$87.55	\$90.18
Rate Increase Effective Date	July 1, 2026	July 1, 2027	July 1, 2028	July 1, 2029	July 1, 2030
Beginning Fund Balance	(\$2,554,000)	(\$2,854,800)	(\$3,162,000)	(\$3,483,700)	(\$3,821,800)
REVENUES					
User Fees	<u>31,000</u>	<u>41,300</u>	<u>43,900</u>	<u>45,200</u>	<u>46,600</u>
Subtotal Operations Revenue	31,000	41,300	43,900	45,200	46,600
EXPENSES					
<i>Operating Expenses</i>					
Office Expense	600	600	600	600	600
Professional & Special Service	163,400	168,300	173,300	178,500	183,900
Overhead Reimbursement	5,000	5,200	5,400	5,600	5,800
Special Department Expense	4,700	4,800	4,900	5,000	5,200
Travel out of County Misc	300	300	300	300	300
Utilities	4,000	4,100	4,200	4,300	4,400
Intrafund Transfer	2,100	2,200	2,300	2,400	2,500
County Admin Staff	65,500	67,500	69,500	71,600	73,700
Vector Truck O&M	<u>9,600</u>	<u>9,900</u>	<u>10,200</u>	<u>10,500</u>	<u>10,800</u>
Subtotal Operational Expenses	255,200	262,900	270,700	278,800	287,200
Net Operating Revenues	(224,200)	(221,600)	(226,800)	(233,600)	(240,600)
<i>Non-Operating Expenses</i>					
Interest Pooled Money [1]	<u>76,600</u>	<u>85,600</u>	<u>94,900</u>	<u>104,500</u>	<u>114,700</u>
Subtotal Non-Operating	76,600	85,600	94,900	104,500	114,700
Total Expenses	331,800	348,500	365,600	383,300	401,900
Total Net Revenues	(300,800)	(307,200)	(321,700)	(338,100)	(355,300)
Ending Fund Balance	(2,854,800)	(3,162,000)	(3,483,700)	(3,821,800)	(4,177,100)

1 - 3% of negative fund balance

Table 7: Cash Flow Projection, Option 2

	PROJECTED: PROPOSITION 218 PERIOD				
	FY2026/27	FY2027/28	FY2028/29	FY2029/30	FY2030/31
Rate Increase %	1067%	3%	3%	3%	3%
Rate \$/EDU/Month	\$350.00	\$360.00	\$370.80	\$381.92	\$393.38
Rate Increase Effective Date	July 1, 2026	July 1, 2027	July 1, 2028	July 1, 2029	July 1, 2030
Beginning Fund Balance	(\$2,554,000)	(\$2,705,200)	(\$2,863,500)	(\$3,028,700)	(\$3,201,300)
REVENUES					
User Fees	<u>180,600</u>	<u>185,800</u>	<u>191,400</u>	<u>197,100</u>	<u>203,000</u>
Subtotal Operations Revenue	180,600	185,800	191,400	197,100	203,000
EXPENSES					
<i><u>Operating Expenses</u></i>					
Office Expense	600	600	600	600	600
Professional & Special Service	163,400	168,300	173,300	178,500	183,900
Overhead Reimbursement	5,000	5,200	5,400	5,600	5,800
Special Department Expense	4,700	4,800	4,900	5,000	5,200
Travel out of County Misc	300	300	300	300	300
Utilities	4,000	4,100	4,200	4,300	4,400
Intrafund Transfer	2,100	2,200	2,300	2,400	2,500
County Admin Staff	65,500	67,500	69,500	71,600	73,700
Vactor Truck O&M	<u>9,600</u>	<u>9,900</u>	<u>10,200</u>	<u>10,500</u>	<u>10,800</u>
Subtotal Operational Expenses	255,200	262,900	270,700	278,800	287,200
Net Operating Revenues	(74,600)	(77,100)	(79,300)	(81,700)	(84,200)
<i><u>Non-Operating Expenses</u></i>					
Interest Pooled Money [1]	<u>76,600</u>	<u>81,200</u>	<u>85,900</u>	<u>90,900</u>	<u>96,000</u>
Subtotal Non-Operating	76,600	81,200	85,900	90,900	96,000
Total Expenses	331,800	344,100	356,600	369,700	383,200
Total Net Revenues	(151,200)	(158,300)	(165,200)	(172,600)	(180,200)
Ending Fund Balance	(2,705,200)	(2,863,500)	(3,028,700)	(3,201,300)	(3,381,500)

1 - 3% of negative fund balance

Table 8: Cash Flow Projection, Option 3

	PROJECTED: PROPOSITION 218 PERIOD				
	FY2026/27	FY2027/28	FY2028/29	FY2029/30	FY2030/31
Rate Increase %	2043%	25%	3%	3%	3%
Rate \$/EDU/Month	\$642.97	\$803.71	\$827.83	\$852.66	\$878.24
Rate Increase Effective Date	July 1, 2026	July 1, 2027	July 1, 2028	July 1, 2029	July 1, 2030
Beginning Fund Balance	(\$2,554,000)	(\$2,554,000)	(\$2,478,700)	(\$2,396,600)	(\$2,307,300)
REVENUES					
User Fees	<u>331,800</u>	<u>414,800</u>	<u>427,200</u>	<u>440,000</u>	<u>453,200</u>
Subtotal Operations Revenue	331,800	414,800	427,200	440,000	453,200
EXPENSES					
<i><u>Operating Expenses</u></i>					
Office Expense	600	600	600	600	600
Professional & Special Service	163,400	168,300	173,300	178,500	183,900
Overhead Reimbursement	5,000	5,200	5,400	5,600	5,800
Special Department Expense	4,700	4,800	4,900	5,000	5,200
Travel out of County Misc	300	300	300	300	300
Utilities	4,000	4,100	4,200	4,300	4,400
Intrafund Transfer	2,100	2,200	2,300	2,400	2,500
County Admin Staff	65,500	67,500	69,500	71,600	73,700
Vactor Truck O&M	<u>9,600</u>	<u>9,900</u>	<u>10,200</u>	<u>10,500</u>	<u>10,800</u>
Subtotal Operational Expenses	255,200	262,900	270,700	278,800	287,200
Net Operating Revenues	76,600	151,900	156,500	161,200	166,000
<i><u>Non-Operating Expenses</u></i>					
Interest Pooled Money [1]	<u>76,600</u>	<u>76,600</u>	<u>74,400</u>	<u>71,900</u>	<u>69,200</u>
Subtotal Non-Operating	76,600	76,600	74,400	71,900	69,200
Total Expenses	331,800	339,500	345,100	350,700	356,400
Total Net Revenues	0	75,300	82,100	89,300	96,800
Ending Fund Balance	(2,554,000)	(2,478,700)	(2,396,600)	(2,307,300)	(2,210,500)

1 - 3% of negative fund balance

SECTION 4: RATE DESIGN

The proposed five-year rate plan under each option is provided in Table 9. No growth is expected in the CSA’s customer base over the next five years. Therefore, it is projected that the current number of EDUs, 43, will remain the same throughout the rate study period. Rates are calculated by dividing the proposed revenue requirement for the given year (from the cash flow projection corresponding to the given option) by the total number of EDUs. In FY2026/27, this results in a monthly rate of \$60 per EDU under Option 1, \$350 per EDU under Option 2, and \$642.97 per EDU under Option 3, see Table 9.

Table 9: Proposed Five-Year Rate Plan

	Current	PROPOSED				
		FY2026/27	FY2027/28	FY2028/29	FY2029/30	FY2030/31
OPTION 1 - Annual Rate per EDU	\$360.00	\$720.00	\$960.00	\$1,020.00	\$1,050.60	\$1,082.12
Monthly Rate per EDU	\$30.00	\$60.00	\$80.00	\$85.00	\$87.55	\$90.18
		100%	33%	6%	3%	3%
OPTION 2 - Annual Rate per EDU	\$360.00	\$4,200.00	\$4,320.00	\$4,449.60	\$4,583.09	\$4,720.58
Monthly Rate per EDU	\$30.00	\$350.00	\$360.00	\$370.80	\$381.92	\$393.38
		1067%	3%	3%	3%	3%
OPTION 3 - Annual Rate per EDU	\$360.00	\$7,715.66	\$9,644.57	\$9,933.91	\$10,231.93	\$10,538.88
Monthly Rate per EDU	\$30.00	\$642.97	\$803.71	\$827.83	\$852.66	\$878.24
		2043%	25%	3%	3%	3%

EDU – Equivalent Dwelling Unit, 200 gallons per day of domestic strength flow

An accessory dwelling unit is assigned 0.5 EDUs based on assumed flow of 100 gallons per day